

**DOCUMENT PURPOSE:**

- Agenda Item: Provider Reimbursements
  - ◊ Committee Review and Direction
  - Staff will present highlights

**Medicaid Monitoring****Provider Rates: LCCF01 Decision Points**

Prepared for the Children, Families, Health, and Human Services Interim Committee  
March 2012

**Background**

In January 2012, the Children, Families, Health, and Human Services Interim Committee approved the drafting of a bill to provide payments to Medicaid providers who lost anticipated funding due to budget issues in fiscal year 2011. Because the state's projected ending fund for that year fell below the level required by law, Gov. Schweitzer was required to reduce state general fund spending. Among other things, the governor's reductions eliminated:

- a one-time-only increase of 2% in the Medicaid reimbursement rates paid to most individuals and organizations that provide services; and
- a 6% increase for physicians who participate in the Medicaid program.

The attached bill draft, LCCF01, provides the general framework for accomplishing the committee's goal of making payments to providers. However, some elements require further committee consideration. This briefing paper outlines those elements.

**Bill Draft Decision Points**

In order to develop a final bill draft for public comment and action, the committee should provide staff with direction on the following questions:

1. Should the bill draft provide an appropriation of \$5.6 million, which reflects the amount of the 2% rate increase for non-physician providers, or an appropriation of \$6.4 million, which would reflect both the 2% increase and the 6% physician rate increase?
2. Should the bill draft provide a higher appropriation to reflect the amount of federal or state special revenue funds that providers also would have received if they had been paid at a higher rate in fiscal year 2011?

The current draft contains the amount of general fund dollars that providers were slated to receive. If the money had been spent on services in fiscal year 2011, providers also would have received federal Medicaid or state special revenue funds for the services. Those funds would have totaled about \$7.8 million for the 2% rate increase or nearly \$8 million if the match for the physician rate increase is included.

3. Should the bill draft include direction to the Department of Public Health and Human Services on how it must distribute the funds? If so, should additional factors be added to the current draft?

Subsection (3) of Section 1 limits reimbursements to providers who were participating in the Medicaid program as of June 31, 2010, and requires DPHHS to develop a payment formula that takes each provider's fiscal year 2010 caseload into account.



\*\*\*\* Bill No. \*\*\*\*

Introduced By \*\*\*\*\*

By Request of the \*\*\*\*\*

A Bill for an Act entitled: "An Act appropriating funds for provider rate repayments; and providing an effective date."

WHEREAS, the 2009 Legislature appropriated money to pay for a 2% increase in the reimbursement rates paid to Medicaid providers in both fiscal year 2010 and fiscal year 2011; and

WHEREAS, the forecast for state revenues and the state budget in early 2010 triggered a statutory requirement for the governor to reduce state general fund spending; and

WHEREAS, the governor eliminated the provider rate increase scheduled for fiscal year 2011 as part of the reductions made to comply with state law; and

WHEREAS, the reduction in expected reimbursement payments had financial repercussions for individuals and organizations that provide Medicaid services to Montanans in need of medical care, mental health care, foster care, and assistance with activities of daily living; and

WHEREAS, the ending fund balance for the 2013 biennium is expected to be higher than originally predicted.

Be it enacted by the Legislature of the State of Montana:

NEW SECTION.    **Section 1. Appropriation.** (1) There is appropriated from the general fund to the Department of Public Health and Human Services \$5,609,332 OR \$6,427,083 as follows:

(a) \$660,757 to the Addictive and Mental Disorders Division;  
(b) \$237,144 to the Child and Family Services Division;  
(c) \$1,133,820 to the Disability Services Division;  
(d) \$1,519,649 OR \$2,337,400 to the Health Resources Division, with \$374,113 of that amount to be allocated to the Children's Mental Health Bureau AND \$817,751 RESERVED FOR THE 6% STATUTORY RATE INCREASE FOR PHYSICIANS;

(e) \$230,358 to the Human and Community Services Division for child care provider increases; and

(f) \$1,827,604 to the senior and long-term care division.

(3) Each division shall divide its appropriation among providers who were participating in the Medicaid program on June 30, 2010. The disbursements to providers must be made according to a formula devised by the department to estimate the amount of general fund money the provider would have received, based on the provider's fiscal year 2010 caseload, if the fiscal year 2011 medicaid provider rate increase had gone into effect.

NEW SECTION.    **Section 2. {standard} Effective date.** [This act] is effective on passage and approval.

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